



**TOWN OF ALTAMONT
ALTAMONT, UTAH**

GENERAL PURPOSE FINANCIAL STATEMENTS

Year Ending June 30, 2006

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Financial Section



AYCOCK, MILES & ASSOCIATES, CPAs, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report

Town of Altamont
Altamont, Utah

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, aggregate remaining fund information, and budgetary comparison information of the Town of Altamont as of and for the year ended June 30, 2006, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Town of Altamont's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, aggregate remaining fund information, and budgetary comparison information of the Town of Altamont as of June 30, 2006, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2006 on our consideration of the Town of Altamont's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 5 through 9 and the schedule of infrastructure on page 30 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Aycock, Miles & Associates, CPAs

November 10, 2006

Management's Discussion and Analysis

As management of the Town of Altamont (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of financial activities of the Town for the fiscal year ended June 30, 2006.

Financial Highlights

- Assets exceeded liabilities at closest year-end: $\$1,403,484 - \$295,260 = \$1,108,224$. Of this amount, \$206,026 is unrestricted and available to meet the Town's ongoing obligations.
- The Town had \$260,400 in long-term debt at the closest year-end, a decrease of \$8,800.
- The Town has almost completed an irrigation system that will ultimately cost about \$520,000. The Town financed the project with a Utah State Community Impact Board loan of \$259,600 and grants of \$293,242.
- Net assets increased by \$72,057 from the prior year. If it were not for the capital grants of \$73,091, the net asset change would have been a decrease of \$1,034.
- The Town's total assets of \$1,403,484 were 30% cash and receivables.
- Current assets exceed current liabilities at closest year-end: $\$427,272 - \$44,510 = \$382,762$.
- Current assets exceed all liabilities at closest year-end: $\$427,272 - \$295,260 = \$132,012$.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements—The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activity of the Town is general administration, parks, roads, cemetery and fire department. The Town's business-type activities include a utility fund only.

Governmental-wide financial statements can be found on pages 10-11 of this report.

Fund financial statements—A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds—Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of the revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special revenue fund (roads) and the capital projects fund. The Town considers all three governmental funds to be major funds.

Proprietary funds—Of the two type of proprietary funds, enterprise and internal service funds, the Town maintains one individual enterprise funds: a utilities fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Information is presented separately in the governmental fund balance sheet and the proprietary fund statement of revenues, expenditures, and changes in net assets for both of these proprietary funds. The Town considers the utilities fund to be a major fund.

The Town adopts an annual appropriated budget for all its funds. A budgetary comparison statement has been provided for the general fund and the special revenue fund (roads) to demonstrate compliance with its budget.

The basic governmental fund financial statements can be found on pages 14-20 of this report.

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-29 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Assets exceeded liabilities by \$1,108,224 at the close of the most recent fiscal year.

The largest portion of the Town's net assets was capital assets. Unrestricted net assets accounted for 19% of the Town's total net assets. Unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors. Legally restricted assets comprise 17%. Capital assets comprised 64% of total net assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay any debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate any liabilities.

Net Assets	Governmental Activities		Business-type Activities	
	2006	2005	2006	2005
Current and other assets	\$ 258,792	\$ 257,355	\$ 168,480	\$ 220,151
Net capital assets	178,713	104,358	797,499	744,188
Total assets	437,505	361,713		
Current liabilities	(30,342)	(16,033)	(14,168)	(13,775)
Long-term liabilities	-	-	(250,750)	(260,079)
Total liabilities	(30,342)	(16,033)	(264,918)	(273,854)
Net assets:				
Capital assets, net of related debt	178,713	104,358	537,099	474,988
Restricted	130,184	151,887	56,202	53,879
Unrestricted	98,266	89,435	107,760	161,618
Total net assets	\$ 407,163	\$ 345,680	\$ 701,061	\$ 690,485

Capital projects are, for the most part, fully funded by grants and loans, town participation, and property tax revenues which exceed remaining operating and administration expenses.

Government activities— Key elements of the governmental activities and business-type activities are as follows.

Change in Net Assets	Governmental Activities		Business-type Activities	
	2006	2005	2006	2005
Program revenues:				
Charges for services	\$ 25,659	\$ 19,222	\$ 30,693	\$ 30,270
Operating grants	47,962	12,080	-	-
Capital grants	64,016	-	9,075	293,242
General revenues:				
Property taxes	15,644	15,742	-	-
Sales tax	43,405	42,058	-	-
Earnings on investments	7,316	5,348	4,164	8,401
Total revenues	204,002	94,450	43,932	331,913
Expenses:				
General government	60,067	46,163	-	-
Public safety	20,488	15,469	-	-
Highways and streets	11,241	7,328	-	-
Cemetery	15,557	10,540	-	-
Sanitation	15,687	10,929	-	-
Culture and recreation	8,365	4,401	-	-
Utilities	-	-	44,472	36,575
Total expenses	131,405	94,830	44,472	36,575
Transfers:	(11,234)	(258)	11,234	258
Increase in net assets	\$ 61,363	\$ (638)	\$ 10,694	\$ 295,596

Capital grants in the utility fund caused a large increase in net assets, but without that grant the change in net assets would have been similar to the prior years. Administration expenses remained increased \$13,904 largely because of wages and benefits cost increases. Public safety (fire) increased due to a \$4,500 lease with Duchesne County. Other departments experienced wage and supplies cost increases as well.

Financial Analysis of the Government's Funds

The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. There are two types of funds: governmental funds and proprietary funds.

Governmental funds—The focus of the Town's governmental funds is to provide information on near-term flows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$228,420, a decrease of \$12,993 in comparison with the prior year. This total fund balance amount is \$185,090 reserved and \$43,331 unreserved. Unreserved fund balances are available for spending at the government's discretion.

At the most recent fiscal year, the fund balance of the general fund was \$173,514, a decrease of \$15,262; and the capital project fund was \$54,906, an increase of \$2,269. A transfer of \$11,234 from the general fund to the Town's other funds was a factor in the changes in fund balance.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, reserved fund balance of the general fund was \$130,184 and unreserved fund balance was \$43,330. As a measure of the general fund's liquidity, it may be useful to compare both unreserved general fund balance to total fund expenditures (excluding capital outlay). Unreserved fund balance represents 38% of total general fund expenditures excluding capital outlay.

Proprietary funds—The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The balance of net assets of the utilities fund consisted of unrestricted net assets of \$107,760, restricted net assets of \$56,202, and capital assets net of related debt of \$537,099. The utility fund's net assets grew \$10,694 largely due to a capital grant of \$9,075 and an operating transfer received for \$11,234. Other factors concerning the finances of this proprietary fund have already been addressed in the discussion of the Town's business-type activities.

Fund Budgetary Highlights

Amendments may be made to the funds' original budgets to more accurately reflect the expected expenses and revenue as the year progresses. The Town decreased its budgeted expenses by \$2,908 for the recent fiscal year.

Capital Asset and Debt Administration

Capital assets—The Town's investment in capital assets for its governmental activities as of June 30, 2006 amounts to \$178,713 (net of accumulated depreciation), an increase of \$74,355. Governmental activity net capital assets increased because park improvements and street lights for \$91,076 were greater than depreciation of \$16,721. Business-type activities' capital assets were \$797,499 (net of accumulated depreciation), an increase of \$53,311. Business-type activity net capital assets increased because investment in an irrigation system of \$77,313 exceeded depreciation of \$24,002.

Net Capital Assets	Governmental Activities		Business-type Activities	
	2006	2005	2006	2005
Infrastructure & land	\$ 5,000	\$ 5,000	\$ 40,723	\$ 40,723
Buildings & equipment, net of depreciation	173,713	99,358	756,776	703,465
Total assets	<u>\$ 178,713</u>	<u>\$ 104,358</u>	<u>\$ 797,499</u>	<u>\$ 744,188</u>

Long-term debt—The Town had long-term debt activity for two revenue bonds during the year. As noted in the chart below, the Town's Utility Fund increased by financing about one-half of an irrigation system.

Long-term Debt	2006	2005
Governmental Activities:		
No debt activity	\$ -	\$ -
Business-type Activities:		
State of Utah Revenue Bond	6,400	9,600
State of Utah Revenue Bond	254,000	259,600
Total	<u>\$ 260,400</u>	<u>\$ 269,200</u>

Economic Factors and Next Year's Budgets and Rates

The Town's budget for next year is relatively similar to most recent year's actual expenses. No changes in budgeted tax revenues have been made for the next fiscal year. The tax rates are set to reach the same budgeted revenues.

Modified Approach to Infrastructure Assets

Governments have the option of not reporting depreciation on one or more networks or subsystems of their infrastructure assets. The Town has elected to not depreciate its infrastructure and therefore has adopted the modified approach. The modified approach requires a target condition and a condition assessment to be made at least every three years. This is the first year that the Town has published a condition assessment for its infrastructure. Although there are no years of comparable information, the Town does not believe that the current condition has deviated significantly from prior years. The Town believes that the current conditions of its roads and bridges can be maintained with the same level of expenditures that occurred during the most recent year end. Please refer to page 30 of these financial statements for a schedule of road conditions and target assessments.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town's secretary, Melba Markham, at (435) 454-3469.

Town of Altamont
STATEMENT OF NET ASSETS
June 30, 2006

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash	\$ 229,814	\$ 108,955	\$ 338,769
Cash restricted	-	56,202	56,202
Accounts receivable--property taxes	11,030	-	11,030
Accounts receivable--other	17,633	3,638	21,271
Internal balances	315	(315)	-
Total Current Assets	258,792	168,480	427,272
Non Current Assets:			
Capital assets:			
Infrastructure & land	5,000	40,723	45,723
Buildings & equipment, net of accum. depreciation	173,713	756,776	930,489
Total Non Current Assets	178,713	797,499	976,212
Total Assets	<u>\$ 437,505</u>	<u>\$ 965,979</u>	<u>\$ 1,403,484</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 5,567	\$ 219	\$ 5,786
Accrued payroll and payroll taxes	2,425	-	2,425
Accrued interest expense	-	4,749	4,749
Current portion note payable	-	9,200	9,200
Deferred grant revenue	11,350	-	11,350
Deferred property tax revenue	11,000	-	11,000
Total Current Liabilities	30,342	14,168	44,510
Non Current Liabilities:			
Unamortized discount	-	(450)	(450)
Note payable, C.I.B.	-	251,200	251,200
Total Non Current Liabilities	-	250,750	250,750
Total Liabilities	30,342	264,918	295,260
NET ASSETS			
Invested in capital assets, net of related debt	178,713	537,099	715,812
Restricted (i.e. C roads, restricted cash)	130,184	56,202	186,386
Unrestricted	98,266	107,760	206,026
Total Net Assets	407,163	701,061	1,108,224
Total Liabilities & Net Asset Balances	<u>\$ 437,505</u>	<u>\$ 965,979</u>	<u>\$ 1,403,484</u>

Town of Altamont
STATEMENT OF ACTIVITIES
For the year ending June 30, 2006

Functions	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for		Total		Total
		Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities
Governmental Activities:						
General government	\$ 60,067	1,417	\$ 3,809	\$ -	\$ (54,841)	\$ -
Public safety	20,488	4,963	30,863	-	15,338	-
Highways and streets	11,241	-	12,290	35,366	36,416	-
Sanitation	15,557	13,589	-	-	(1,968)	-
Cemetery	15,687	4,175	1,000	-	(10,512)	-
Culture and recreation	8,365	1,515	-	28,650	21,800	-
Community & economic development	-	-	-	-	-	-
Total Governmental Activities	131,405	25,659	47,962	64,016	6,232	6,232
Business-type Activities:						
Utilities	44,472	30,693	-	9,075	-	(4,704)
Total Business-type Activities	44,472	30,693	-	9,075	-	(4,704)
Total Primary Government	\$ 175,877	\$ 56,352	\$ 47,962	\$ 73,091	6,232	1,528
General Revenues:						
Property taxes					15,644	15,644
Sales tax					43,405	43,405
Earnings on investments					7,316	4,164
Transfers					(11,234)	11,480
Total General Revenues					55,131	70,529
Change in Net Assets					61,363	10,694
Beginning Net Assets					345,800	690,367
Ending Net Assets					\$ 407,163	\$ 1,108,224

See accompanying notes. Page 11

Town of Altamont
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2006

Total Fund Balances for Governmental Funds **\$ 228,420**

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of the following:

Land	5,000	
Buildings and equipment	764,171	
Accumulated depreciation	<u>(590,458)</u>	
		178,713

Long-term debt, for funds other than enterprise funds, are recorded in the government-wide financial statements but not in the fund statements.

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Deferred property tax revenue includes delinquent property taxes in the fund statements but not in the government-wide statements.

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Total Net Assets of Governmental Activities **\$ 407,163**

Town of Altamont
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the year ending June 30, 2006

Net Change in Fund Balances--Total Governmental Funds **\$ (12,993)**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with a material cost are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expenses.

Capital outlays	91,076	
Depreciation	<u>(16,721)</u>	
Net		74,355

Government funds do not report delinquent taxes as revenue because these revenues are not available for current period expenses.		1
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Governmental funds report debt services as an expenditure. However, repayment of debt does not affect the statement of activities but rather is a reduction of the statement of net assets' liability.		<u>-</u>
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Change in Net Assets of Governmental Activities **\$ 61,363**

Town of Altamont
BALANCE SHEET--GOVERNMENTAL FUNDS
June 30, 2006

	Governmental Funds		
	General Fund	Capital Projects Fund	Total
Assets			
Cash & savings	\$ 174,909	\$ 54,906	\$ 229,814
Cash restricted	-	-	-
Due from other funds	315	-	315
Accounts receivable--property taxes	11,030	-	11,030
Accounts receivable (net of allowance)	17,633	-	17,633
Total Assets	<u>\$ 203,886</u>	<u>\$ 54,906</u>	<u>\$ 258,792</u>
Liabilities			
Accounts payable	\$ 5,567	\$ -	\$ 5,567
Accrued payroll liabilities	2,425	-	2,425
Due to other funds	-	-	-
Deferred grant revenue	11,350	-	11,350
Deferred property tax revenue	11,030	-	11,030
Total Liabilities	<u>30,372</u>	<u>-</u>	<u>30,372</u>
Fund Balances			
Fund Balances:			
Reserved:			
Cemetery	107,217	-	107,217
Roads	22,967	-	22,967
Capital Projects	-	54,906	54,906
Unreserved	43,330	-	43,330
Total Fund Balances	<u>173,514</u>	<u>54,906</u>	<u>228,420</u>
Total Liabilities & Fund Balances	<u>\$ 203,886</u>	<u>\$ 54,906</u>	<u>\$ 258,792</u>

Town of Altamont
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES--GOVERNMENTAL FUNDS
For the year ending June 30, 2006

	General Fund	Capital Projects Fund	Total
Revenues			
Taxes	\$ 59,047	\$ -	\$ 59,047
Licenses and permits	983	-	983
Charges for services	24,687	-	24,687
Intergovernmental	80,479	-	80,479
Royalties and interest	5,047	2,269	7,316
Miscellaneous revenues	<u>31,489</u>	<u>-</u>	<u>31,489</u>
Total Operating Revenue	201,732	2,269	204,001
Expenditures			
General government	58,987	-	58,987
Public safety	18,668	-	18,668
Highways and streets	6,573	-	6,573
Sanitation	15,557	-	15,557
Cemetery	11,854	-	11,854
Culture, recreation, parks	3,045	-	3,045
Community & economic development	-	-	-
Capital outlay:			
General	-	-	-
Parks	28,650	-	28,650
Fire	-	-	-
Roads	<u>62,426</u>	<u>-</u>	<u>62,426</u>
Total Operating Expenditures	<u>205,760</u>	<u>-</u>	<u>205,760</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,028)	2,269	(1,758)
Other Financing Sources and (Uses)			
Operating transfers in (out)	<u>(11,234)</u>	<u>-</u>	<u>(11,234)</u>
Net Change in Fund Balances	(15,262)	2,269	(12,993)
Fund Balances--Beginning of Year	<u>188,776</u>	<u>52,637</u>	<u>241,413</u>
Fund Balances--End of Year	<u>\$ 173,514</u>	<u>\$ 54,906</u>	<u>\$ 228,420</u>

Town of Altamont
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL--GENERAL FUND
For the year ending June 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 46,000	\$ 53,700	\$ 59,047	\$ 5,347
Licenses and permits	830	830	983	153
Charges for services	15,350	17,230	24,687	7,457
Intergovernmental	49,375	142,375	80,479	(61,896)
Royalties and interest	3,850	3,672	5,047	1,375
Miscellaneous revenues	1,400	3,200	31,489	28,289
Total Operating Revenue	116,805	221,007	201,732	(19,275)
Expenditures				
General government	64,400	57,200	58,987	(1,787)
Public safety	18,000	20,100	18,668	1,432
Highways and streets	15,000	9,150	6,573	2,578
Sanitation	12,000	12,300	15,557	(3,257)
Cemetery	8,000	12,525	11,854	671
Culture, recreation, parks	10,000	6,800	3,045	3,755
Community & economic development	-	-	-	-
Capital outlay:				
General	-	-	-	-
Parks	36,818	28,650	28,650	-
Fire	-	-	-	-
Roads	128,545	139,740	62,426	77,314
Total Operating Expenditures	292,763	286,465	205,760	80,705
Excess of Revenues Over (Under)				
Operating Expenditures	(175,958)	(65,458)	(4,028)	61,430
Other Financing Sources and (Uses)				
Operating transfers in (out)	-	-	(11,234)	(11,234)
Excess of Revenues and Other				
Financing Sources Over (Under)				
Expenditures & Other Financing	(175,958)	(65,458)	(15,262)	50,196
Fund Balances--Beginning of Year	188,776	188,776	188,776	-
Fund Balances--End of Year	\$ 12,818	\$ 123,318	\$ 173,514	\$ 50,196

Town of Altamont
STATEMENT OF NET ASSETS--PROPRIETARY FUNDS
June 30, 2006

	<u>Proprietary Funds</u>
	<u>Enterprise</u>
	<u>(Utilities)</u>
ASSETS	
Current Assets:	
Cash & savings	\$ 108,955
Cash, restricted for irrigation project	56,202
Accounts receivable--customers	<u>3,638</u>
Total Current Assets	168,795
Non Current Assets:	
Capital assets:	
Land	40,723
Buildings & equipment	1,179,652
Accumulated depreciation	<u>(422,876)</u>
Total Non Current Assets	797,499
Total Assets	<u>\$ 966,294</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 219
Accrued payroll and payroll taxes	-
Accrued interest expense	4,749
Due to general fund	315
Current portion note payable	<u>9,200</u>
Total Current Liabilities	14,482
Non Current Liabilities:	
Unamortized discount	(450)
Notes payable, long-term portion	<u>251,200</u>
Total Non Current Liabilities	250,750
Total Liabilities	265,233
NET ASSETS	
Invested in capital assets, net of related debt	537,099
Restricted (expendable grant & bond proceeds)	56,202
Unrestricted	<u>107,760</u>
Total Net Assets	701,061
Total Liabilities & Net Asset Balances	<u>\$ 966,294</u>

Town of Altamont
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS

For the year ending June 30, 2006

	<u>Proprietary Funds</u>
	Enterprise
	<u>(Utilities)</u>
Operating Revenues	
Charges for services:	
Sewer	\$ 14,295
Irrigation	16,235
Miscellaneous	<u>163</u>
Total operating revenues	30,693
Operating Expenses	
Wages, labor & benefits	6,799
Supplies	1,309
Utilities	176
Irrigation assessment	2,136
Professional fees	1,000
Insurance	2,673
Interest expense	6,267
Miscellaneous	110
Depreciation	<u>24,002</u>
Total operating expenses	<u>44,472</u>
Operating income (loss)	(13,779)
Non-Operating Revenue (Expenses)	
Transfers in or out	11,234
Interest and royalties revenue	<u>4,164</u>
Total non-operating revenue (expense)	15,398
Other Revenues (Expenses)	
Grants	<u>9,075</u>
Net Income (Loss) before Transfers	10,694
Retained earnings-beginning	<u>690,367</u>
Retained earnings-ending	<u>\$ 701,061</u>

Town of Altamont
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ending June 30, 2006

	<u>Proprietary Funds</u>
	Enterprise
	(Utilities)
Cash Flows from Operations	
Receipts from services	\$ 29,954
Paid for labor and wages	(6,799)
Paid interest	(6,490)
Paid for supplies and services	(7,473)
Net Cash Flows	9,192
Cash Flows from Non-Capital Financing	
Transfers	11,234
Donations	-
Net Cash Flows	11,234
Cash Flows from Capital Financing	
Principal payments--revenue bonds	(8,800)
Loan proceeds	-
Capital grants received	9,075
Net Cash Flows	275
Cash Flows from Investing Activities	
Acquisition of assets	(77,314)
Received from interest and royalties	4,164
Net Cash Flows	(73,150)
Net Increase (Decrease) in Cash	(52,449)
Cash Balance - Beginning of Year	217,606
Cash Balance - End of Year	<u>\$ 165,157</u>
Reconciliation of Operating Income	
to Net Cash Provided from Operating Activity	
Operating income (loss)	\$ (13,779)
Operating items not involving cash:	
Depreciation	24,002
Increase (decrease) in accrued interest, etc.	(223)
(Increase) decrease in accounts receivable	(1,044)
Increase (decrease) in payables, etc.	(69)
Net Cash Provided by Operating Activities	<u>\$ 8,887</u>

Supplementary Information: Cash paid for interest expense was \$6,490.

Town of Altamont
Notes to the Financial Statements
June 30, 2006

Note 1 Summary of Significant Accounting Policies

Reporting Entity—The accounting policies of the Town of Altamont conform to generally accepted accounting principles as applicable to governmental units. For financial reporting purposes, the Town has considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the Town's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and the (1) ability of the Town to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Town. The Town has no component units and is not a component unit. The following is a summary of the more significant policies:

Government-Wide and Fund Financial Statements—The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of the inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent of fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are not allocated. All expenses are included in the applicable function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privilege provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation—The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as

Town of Altamont
Notes to the Financial Statements
June 30, 2006

revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *special revenue fund (roads)* is a fund set up to track B & C road revenues and their expenditures.

The *capital projects fund* is the government's fund to account for capital projects and overhead that can be submitted to grantors for reimbursement.

The Town reports the following major proprietary funds:

The *utilities fund* is used to account for the activities regarding sewer and irrigation management.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Indirect charges are not allocated but are charged to the general administration department.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's two proprietary funds are service charges for the use of a sewer system and fees collected for cemetery usage.

Application of Accounting Pronouncements—Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

Deposits and Investments—The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables—All trade and property tax receivables are shown net of an allowance for uncollectible accounts. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for uncollectible amounts. Activity between funds that are representative of lending/borrowing arrangements outstanding at year-end are referred to as either "due to/from other funds" (i.e., current portion of interfund loans) or "advances from/to other funds" (i.e., the non-current portion of interfund loans). Advances between funds, as

Town of Altamont
Notes to the Financial Statements
June 30, 2006

reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Property Taxes—The property tax revenue of the Town is collected and distributed by Duchesne County. Utah statutes establish the process by which taxes are levied and collected. The County Assessor is required to assess real property as of January 1 and complete the tax rolls by May 15. By July 21, the County Auditor is to mail assessed value and tax notices to property owners. A taxpayer may then petition the County Board of Equalization between August 1 and August 15 for a revision of the assessed value. The County Auditor makes approved changes in assessed value by November 1 and on this same date the County Auditor is to deliver the completed assessment rolls to the County Treasurer. Tax notices are mailed with a due date of November 30. The tax assessments are considered past due January 15 after the respective tax billing date, at which time the applicable property is subject to lien, and penalties and interest are assessed.

Utah State legislation requires motor vehicles be subject to an age based fee that is due each time a vehicle is registered. The age based fee is for passenger type vehicles and ranges from \$10 to \$150 based on the age of the vehicle. The revenues collected in each County from motor vehicle fees is distributed by the County to each taxing entity in which the property is located in the same proportion in which revenue collected from ad valorem real property tax is distributed. The Town recognizes motor vehicle fees as property tax revenue when collected by the County.

As of June 30, 2006, property taxes receivable by the Town includes uncollected taxes assessed as of the January 1, 2006 or earlier. The County expects that all taxes (including delinquencies plus accrued interest and penalties) will be collected within a five-year period, after which time the County Treasurer may force sale of property to collect the delinquent portion. Delinquent property tax receivable is recognized as revenue in the government-wide financial statements. Only the portion of property taxes receivable that meets the revenue recognition criteria is reported as revenue in the fund financial statements.

Inventories and Prepaid Items—All inventories are valued at cost using the first-in/first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets—At times, the Town may have funds set aside that are legally restricted or their use is limited by certain covenants. Restricted resources are applied first when eligible expenses are incurred.

Capital Assets—Capital assets, which include property, plant, equipment, and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual significant cost and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure is not depreciated. A modified approach will be used to disclose infrastructure activity.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Town of Altamont
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

Property, plant, and equipment of the primary government, as well as the component units if any, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	20
Equipment	8
Vehicles	5
Office equipment	5
Computer equipment	3

Compensated Absences—The government's policy is to permit employees to accumulate earned but unused vacation and sick pay benefits. There is a liability for unpaid accumulated sick leave because the government does have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations, retirements or certain limits.

Long-term Obligations—In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity—In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Comparative Data/Reclassifications—Comparative total data for the prior year, if presented, have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Use of Estimates—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Town of Altamont
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

Budgetary Data—Budgets are presented on the modified accrual basis of accounting for all governmental funds of the Town. The following procedures are used in establishing the budgetary data:

- Towards the end of each fiscal year, the council prepares the budget for all applicable funds.
- Copies of the budget are made available for public inspection for seven days prior to adoption.
- The Board holds a public hearing on or before June 22 of each year to receive public comment on the budget. Notice of such meeting to be published in newspaper or posted 2 weeks prior to hearing.
- By June 22, the proposed tax rate and budget is adopted by resolution or ordinance. If there is no increase in the certified tax rate, a final budget is adopted by June 22. A copy of the budget is certified by the budget officer and filed with County Auditor within thirty days of adoption.
- The proposed or final tax rate must also be submitted to the County Auditor by June 22. If the Town sets a proposed tax rate which exceeds the certified tax rate, it shall not adopt its final budget until the public hearing has been held. Until the hearing is held and a final budget and tax rate are adopted, the Town may expand monies based on, 1) its tentative budget after adoption, or 2) its prior year's adopted final budget as amended, which must be readopted by resolution at a regular meeting of the governing body. Latest possible date for adoption in the case of an increased tax rate is August 17 (copy due to the County Auditor within thirty days of adoption). Budgeted property taxes are the basis for determining the property tax levy.
- Budget shall be in effect subject to later amendment and shall be available for public inspection.
- Board may, by resolution, transfer unexpended appropriation from one department to another department within the same fund or they may reduce the budget in any department or fund. Specific restrictions apply.
- Board may increase the total budget in a fund after meeting notification and public hearing.

Exposures to Risks of Loss—The Town minimizes its exposure to risks of loss through the purchase of commercial insurance. The Town considers uninsured exposure to risks of loss as immaterial.

Interfund Transfers—Funds were transferred between funds for the purpose of cash management.

Interest Expense as a Direct Expense—Interest expense is included as direct expenses of the applicable function. The business activity utility function includes \$6,267 interest expense.

Town of Altamont
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

Note 2. Capital Assets

A summary of capital asset activity is listed below. These figures include the proprietary funds.

	Balance June 30, 2005	Increases	Decreases	Balance June 30, 2006
Governmental Funds:				
Land (not depreciated)	\$ 5,000	\$ -	\$ -	\$ 5,000
General	361,086	-	-	361,086
Roads & streets	59,730	62,426	-	122,156
Public safety, fire	163,818	-	-	163,818
Cemetery	29,857	-	-	29,857
Parks and recreation	58,606	28,650	-	87,256
Sub-total	678,097	91,076	-	769,173
Proprietary Funds:				
Land (not depreciated)	40,723	-	-	40,723
Sewer & irrigation system	1,102,339	77,313	-	1,179,652
Sub-total	1,143,062	77,313	-	1,220,375
Accumulated Depreciation:				
Proprietary funds	(398,874)	(16,721)	-	(415,595)
Governmental funds	(573,739)	(24,002)	-	(597,741)
Sub-total	(972,613)	(40,723)	-	(1,013,336)
Net Totals	<u>\$ 848,546</u>	<u>\$ 127,666</u>	<u>\$ -</u>	<u>\$ 976,212</u>

Depreciation expense for the year ended June 30, 2006 was allocated to functions of the Town's governmental activities as follows:

<u>Governmental Funds</u>	
General	\$ 1,080
Roads & streets	4,668
Public safety, fire	1,820
Cemetery	3,833
Parks and recreation	5,320
Total	<u>\$ 16,721</u>
<u>Proprietary Funds</u>	
Utilities (Sewer & Irrigation)	\$ 24,002
Total	<u>\$ 24,002</u>

Town of Altamont
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

Note 3 Cash Deposits and Investments

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the State and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The Town follows the requirements of the Utah Money Management Act (Utah Code, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of Town funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Deposits

Custodial Credit Risk—Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a formal deposit policy for custodial credit risk. As of June 30, 2006, \$27,796 of the Town's bank balances of \$127,796 was uninsured and uncollateralized. The Town's carrying balance for deposits was \$125,713. These deposits include checking and savings accounts at Mountain America Credit Union.

Investments

The Money Management Act defines the types of securities authorized as appropriate investments for the Town and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the Town to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United State Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund.

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, Utah Code Annotated, 1953, as amended. The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses (net of administration fees), of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

Town of Altamont
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

As of June 30, 2006, the Town had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
State of Utah Public Treasurer's Investment Fund	\$ 180,976	\$ 180,976	\$ -	\$ -	\$ -
Certificate of Deposit	88,282	-	88,282	-	-
Total	\$ 269,258	\$ 180,976	\$ 88,282	\$ -	\$ -

Interest Rate Risk—Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. Except for funds of Institutions of Higher Education acquired by gifts, grants, or the corpus of funds functioning as endowments, the Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 2 years. For funds of Institutions of Higher Education acquired by gifts, grants, or the corpus of funds functioning as endowments, Rule 2 of the Money Management Council does not allow the dollar-weighted average maturity of fixed income securities to exceed ten years.

Credit Risk—Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act as previously discussed.

At June 30, 2006, the Town had the following investments and quality ratings:

Investment Type	Fair Value	Quality Rating			
		AAA	AA	A	Unrated
State of Utah Public Treasurer's Investment Fund	\$ 180,976	\$ -	\$ -	\$ -	\$ 180,976
Certificate of Deposit	88,282	-	-	-	88,282
Total	\$ 269,258	\$ -	\$ -	\$ -	\$ 269,258

Concentration of Credit Risk—Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Town's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

Custodial Credit Risk—Custodial credit risk is the risk that, in the event of a bank failure, the Town's investment may not be returned to it. The Town does not have a formal deposit policy for custodial credit risk. As of June 30, 2006, \$88,282 of the Town's investment balances (certificate of deposit) of \$88,282 was uninsured and uncollateralized. Other cash deposits held at the same bank take advantage of Credit Union insurance.

Town of Altamont
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

Note 4 Long-term Obligations

Long-term Obligation	June 30, 2005	Additions	Deletions	June 30, 2006	Current Portion
Governmental Funds					
A--No activity	\$ -	\$ -	\$ -	\$ -	\$ -
Enterprise Funds					
B--Utah State Division of Finance Revenue Bond, due in annual installments of \$3,200 through fiscal year 2008; interest at 0%	9,600	-	(3,200)	6,400	3,200
C--Utah State Division of Finance Revenue Bond, due in annual installments of \$12,446 through fiscal year 2034; interest at 2.5%	259,600	-	(5,600)	254,000	6,000
Totals	<u>\$ 269,200</u>	<u>\$ -</u>	<u>\$ (8,800)</u>	<u>\$ 260,400</u>	<u>\$ 9,200</u>

The general fund typically pays governmental fund debt, when applicable. The annual requirements to amortize all debt outstanding as of June 30, 2006 are as follows:

Year	Principal	Interest	Total
2007	\$ 9,200	\$ 6,350	\$ 15,550
2008	9,350	6,200	15,550
2009	6,304	6,046	12,350
2010	6,461	5,889	12,350
2011	6,623	5,727	12,350
2012-2016	35,682	26,068	61,750
2017-2021	40,371	21,379	61,750
2022-2026	45,676	16,074	61,750
2027-2031	51,679	10,071	61,750
2032-2036	49,054	3,280	52,334
Totals	<u>\$ 260,400</u>	<u>\$ 107,084</u>	<u>\$ 367,484</u>

Unamortized Discount--The Town obtained one revenue bond from the State of Utah which was non-interest bearing. In accordance with the AICPA's Accounting Principles Board Opinion (APB) 21, interest must be imputed and the resulting discount to be reported as a gain in the period in which the bond obligations were obtained. The discount will be amortized as interest expense over the payment period of the bond using the interest method amortization. The Town used an imputed interest rate of 5%.

Note 5 Lease Commitment and Construction Commitment

The Town has entered into an agreement with Duchesne County to pay the County \$2,250/year for 16 years for the use of fire equipment. The lease payment began for Altamont in year 2003. The Town's utility fund will complete an irrigation system in the summer of 2006. Completion of the project is estimated at an additional \$60,000.

Town of Altamont
SCHEDULE OF CONDITION ASSESSMENT FOR INFRASTRUCTURE
Required Supplemental Information
June 30, 2006

<u>Type of Infrastructure:</u>	<u>Condition Assessment (5 is best)</u>					<u>Total Miles</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	
<u>Roads</u>						
Paved road 24' wide, 30' wide with shoulders	-	-	3	-	-	3
Actual Percentage	0%	0%	100%	0%	0%	
Target Condition Percentage	10%	10%	80%	0%	0%	
Gravel roads with no shoulders--18' to 24' wide	-	-	1	-	-	1
Actual Percentage	0%	0%	100%	0%	0%	
Target Condition Percentage	10%	10%	80%	0%	0%	
Dirt roads with no shoulders--16' to 24' wide	-	-	-	-	-	-
Actual Percentage	0%	0%	0%	0%	0%	
Target Condition Percentage	10%	10%	80%	0%	0%	

Estimated annual amount at beginning of fiscal year to maintain and preserve the condition level established compared with the amounts actually expended in the past five reporting periods.

<u>Year</u>	<u>Budget</u>	<u>Actual</u>
2006	9,150	6,573
2005	2,300	4,221
2004	24,000	3,973
2003	3,000	2,974
2002	14,100	6,016
2001	4,500	4,011

Note:

An assessment of 1 indicates a poor road condition and a 5 indicates the best road condition. The Town of Altamont has adopted the above listed targets for road conditions. The Town has the opportunity to adopt a new standard as necessary. The Town assessed the entire system in the fiscal year-end June 30, 2004. The Town has agreed to assess road conditions at least once every three years.

Other Information



AYCOCK, MILES & ASSOCIATES, CPAs, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Members of
AMERICAN INSTITUTE
OF CERTIFIED PUBLIC ACCOUNTANTS
and
UTAH ASSOCIATION
OF CERTIFIED PUBLIC ACCOUNTANTS

**Report on Compliance and on Internal Control over Financial Reporting
Based on an Audit of Financial Statements Performed in Accordance
With Government Auditing Standards**

Town Council
Altamont, Utah

We have audited the financial statements of the Town of Altamont as of and for the year ended June 30, 2006, and have issued our report thereon dated November 10, 2006. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under Government Auditing Standards.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Aycock, Miles & Associates, CPAs

November 10, 2006



AYCOCK, MILES & ASSOCIATES, CPAs, P.C.

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Utah State Compliance Report

Town Council
Altamont, Utah

We have audited the general purpose financial statements of Town of Altamont, Utah, for the year ended June 30, 2006, and have issued our report thereon dated November 10, 2006. Our audit included test work on the Town's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt
Purchasing Requirements
Property Tax

Cash Management
Budgetary Compliance
Other Compliance Requirements

As part of our audit, we have audited Altamont Town's compliance with the requirements governing types of services allowed or disallowed; eligibility; matching, level of effort, or earmarking; special tests and provisions applicable to each of its major State assistance programs as required by the *State of Utah's Legal Compliance Audit Guide* for the year ended June 30, 2006. The Town did not receive any major State assistance.

The management of Town of Altamont is responsible for the Town's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed one instance of noncompliance. The administration department and sanitation department expenditures exceeded their annual budget. In response to this finding, the Town will monitor its actual expenses and revise the budget if necessary.

In our opinion, the Town of Altamont, Utah, complied, in all material respects, with the general and major compliance requirements identified above for the year ended June 30, 2006.

Aycock, Miles & Associates, CPAs

November 10, 2006